



Testimony of Pfizer Inc

In Opposition to Senate Bill 13

AN ACT REDUCING PRESCRIPTION DRUG PRICES

March 1, 2022

Dear Co-Chairs Lesser and Wood, Co-Vice Chairs Saud and Comey, Ranking Members Hwang and Pavalock-D'Amato and all members of the Insurance and Real Estate Committee

My name is John Burkhardt, and I am Senior Vice President, in Worldwide Research, Development, and Medical in Groton. Pfizer is proud to call Groton home to R&D for the past 62 years and to thousands of scientists and R&D professionals in both Groton and New Haven. In fact, nearly every medicine that Pfizer develops comes through our Groton facility at some point. Many were discovered right here.

As we slowly emerge from the COVID-19 pandemic I remain extremely proud of each and every Pfizer colleague who played an outsized role in the development of the COVID-19 vaccine and the COVID-19 anti-viral Paxlovid, which was developed in our Groton facility.

I am here to respectfully oppose Senate Bill 13, AN ACT REDUCING PRESCRIPTION DRUG PRICES. Although the title of this legislation is something to which we all aspire, this legislation assumes incorrectly that there is disproportionate spending on prescription drugs, for which manufacturers should be penalized, and that the price a patient pays at the pharmacy is determined by biopharmaceutical manufacturers.

A new study from 2020, released by the Berkley Research Group, shows that pharmacy benefit managers (PBMs), health plans, hospitals, the government, pharmacies, and others—collectively earned more on branded medicines than did the companies that discovered, developed and manufactured the drugs.¹

These middlemen received more than \$140 billion in discounts and rebates on brand medicines from biopharma companies including Pfizer. These discounts and rebates increase the middlemen's profits; however, the savings intended by biopharma are often not shared with patients at the pharmacy counter.

Here in Connecticut, spending on hospitals and physicians accounts for 60% of healthcare spending and drugs account for only 15%, while simply administering insurance products accounts for over one-fifth of healthcare spending.¹ This legislation singles out the one sector

¹ [Berkeley Research Group, January 2022](#)



that's actually delivering life-saving innovations while ignoring the inefficiencies in the drug supply chain, which allow middlemen to scrape off over 50 % on every dollar spent for prescription drugs in the United States. It also fails patients by not lowering what they pay at the pharmacy counter, which is solely determined by insurance companies and the pharmacy benefit managers (PBMs) they hire.

Meanwhile, government price setting diminishes the incentive for biopharmaceutical manufacturers to invest in the research and development of new medicines and penalizes patients by decreasing access to future innovations like those developed during the current pandemic. Our industry's innovative success stems from an economic and regulatory ecosystem that cannot be found anywhere else on the planet, supported by a unique combination of systemic factors. The ecosystem that enables this progress is one we should work together to protect – not destroy.

Pfizer fully supports the state's efforts to attract new biopharmaceutical companies to the state and encourage expansion for those already located here. We invest tens of millions of dollars each year in upgrades at our Groton facility and frequently evaluate our footprint and hiring practices here as well as in other states where we have a presence. Anti-industry legislation like SB 13 sends a confusing message about the business climate to biopharma companies already in the Connecticut and to those companies who may be looking to relocate here. Companies and their employees need to know whether Connecticut is a place where the biopharma industry can flourish and grow. I'm afraid that passing legislation like SB 13 sends the wrong message.

Pfizer stands ready to work with the legislature to develop solutions that help patients better afford their medicines at the pharmacy counter. I am asking you to reject the price controls in SB-13 and address the systemic problems that hurt patients and drive inefficiency.

Thank you for the work that you do on behalf of our great state of Connecticut, and I thank you for your time today.

Sincerely,

John Burkhardt, DVM, PhD

Senior Vice President, Worldwide Research, Development, and Medical Groton Labs

²Milliman, "The role of pharmacy benefits on ACA marketplace premiums." October 2020. Available at <https://us.milliman.com/-/media/milliman/pdfs/2020-articles/articles/role-rx-benefits-aca-markets-20201027.ashx>.

